

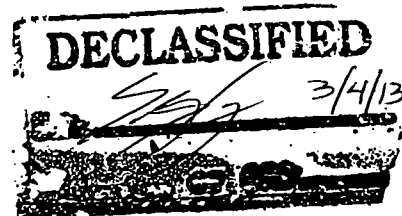


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OFFICE OF THE SECRETARY

JERRY APDACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2770
113 WASHINGTON AVENUE
SANTA FE, NEW MEXICO 87501
(505) 827-2471



THE WASHINGTON WEEKLY REPORT

September 28 - October 5, 1978 NO. 125WR

TO: Nick Franklin, Secretary
Energy and Minerals Department

FROM: Washington Office

ENERGY

STATUS OF THE NEAT & ENERGY TAX CONFERENCE

HOUSE SUSTAINS PUBLIC WORKS VETO

NEW MEXICO TECH TO RECEIVE DOI/OSM FUNDING

CONTINUED FUNDING FOR EES PILOT PROGRAMS

COMMERCE SECRETARY ANNOUNCES GRANTS TO CREATE 450 JOBS IN COLFAX COUNTY

HOUSE APPROVES URANIUM MILL TAILINGS BILL

STATUS OF ENERGY IMPACT ASSISTANCE LEGISLATION

NATURAL RESOURCES

SENATE COMMITTEE COMPLETES ACTION ON "D-2" LANDS BILL

ADMINISTRATION

SENATE APPROVES CIVIL SERVICE REFORM COMPROMISE

HOUSE COMMITTEE REPORTS BACK CRIMINAL CODE REVISION BILL



9383123

CONFIDENTIAL

POL-EPA01-0009098

ENERGY

STATUS OF THE NEA -- ENERGY TAX CONFERENCE

Beginning late last week, House-Senate conferees resumed negotiations on the controversial and long-neglected tax portion (H.R. 5263) of the National Energy Act (NEA). The tax panel began action soon after the Conservation conferees resolved their final differences on the conservation package (H.R. 5037). After a day-long debate, September 28, 1978, the conservation panel agreed to increase a current manufacturer penalty from \$50 to \$100 per car beginning with 1978 models. (SEE: last week's report No. 124.)

The conservation and utility rate reform conference reports are now being circulated among their conferees for signatures. As soon as these conference reports have been signed they will go to the Senate for approval. The House will then combine these sections with the Senate approved natural gas and coal conversion sections and perhaps the tax portion for the final House vote (expected October 12) before the entire package is sent to the President.

Tuesday, the Energy Tax conferees agreed to \$1 billion in tax credits during the next year. Approximately two-thirds of this would be for home insulation and installments of solar, wind, and geothermal equipment. The remaining dollars would be for business investment in energy-saving equipment or to encourage energy production.

During the tax sessions held this week, the House-Senate conferees agreed to;

give homeowners a maximum tax credit of \$300 or 15% of the first \$4,000 of outlays for installing insulation, storm windows, better furnace burners, devices for modifying flue openings, ignition systems that replace gas pilot lights, storm windows and doors, clock thermostats and caulking or weather stripping. The credit would be retroactive to April 20, 1977, (date of introduction of NEA) and would remain available through 1985;

give homeowners a maximum tax credit of \$2,200 - 30% credit on the first \$2,000 of outlays and 20% of the next 8,000 - for installation of solar, wind or geothermal energy equipment. This tax credit would also be retroactive to April 20, 1977;

give businessmen an extra 10% tax credit, in addition to the regular 10% investment credit, for installing energy-saving equipment which does not use oil or natural gas as a fuel or feedstock. The credit would be available for equipment installed beginning October 1, 1978 through 1982 (Utilities would not qualify.);

give independent oil and gas producers permanent relief from the minimum tax.

Agreement on the above credits came after the Senate gave up their

position to give tax credits for producers of shale oil and geo-pressurized methane gas. However, Senator Russell Long, chairman of the Senate Finance Committee, has indicated that he may offer this break in the tax reform bill - H.R. 13511. "The Revenue Act of 1978" - which will probably be considered late Thursday or Friday of this week.

Before the House-Senate conferees broke up Wednesday, October 4, the tax portion appeared to be moving quickly. They have come to a halt once again because of their discrepancies on the gas-guzzler tax and the industrial users' tax. It appears that both of these tax proposals will be "watered down" if included at all. The crude oil equalization tax (COET) appears to remain dead according to both the House and the Senate. House Ways and Means chairman, Al Ullman (D-Oreg) opened the tax session last Friday and made the suspicion official that there will not be a COET. Ullman stated that it was "not possible to face up to the oil pricing issue in this bill," and added that "it is going to have to come up next year, when oil price controls expire."

The conference adjourned Wednesday with the hope that they would complete negotiations by the end of this week; however, there have not been any more meetings scheduled.

HOUSE SUSTAINS PUBLIC WORKS VETO

Thursday, October 5, the House sustained President Carter's veto on H.R. 12928, the Public Works Water and Energy Development Appropriations bill, by a vote of 223 to 190. The legislation would have appropriated a total of about \$10 billion in FY 1979 budget authority for energy, water resource development, and other related purposes. (SEE. WR Nos. 123 and 124,)

House Speaker Tip O'Neill (D-Mass), Majority Leader Jim Wright (D-Tex) and Minority Leader John Rhodes (R-Ariz) were the leaders of the opposition to the Presidential veto. They disagreed with the Administration, arguing that the water projects proposed were self-supporting and essential for flood control and development of future water resources.

The Administration's basis for the veto was that the legislation:

- committed approximately \$1.8 billion more than the President's budget;

- enlarged the Federal bureaucracy by more than 2,300 new full-time employees (mostly in the Army Corp. of Engineers);

- restored funding for six water projects halted last year in a compromise between Congress and the Administration;

- funded 53 water projects, 27 more than the President had proposed;

- abolished the Water Resources Council by deleting all its funds.

CONFIDENTIAL If an appropriation bill is not signed into law before the beginning of the fiscal year (October 1), routine procedure is for Congress to pass a continuing resolution allowing existing programs to continue. POL-EPA01-0009100

Continuing resolutions usually finance ongoing programs and activities at the level of the previous year. The other alternative is that Congress revise the bill. Since October 14 is the date of Congressional adjournment, time constraints are likely to prohibit passage of a revised bill.

According to the House Appropriations Subcommittee on Public Works, no decision has been made on what action to take. If a revised bill is not enacted before the end of this session, the continuing resolution would fund programs as long as necessary into the next session of Congress. Although new projects cannot be funded, the resolution would apply to overall program levels rather than to individual projects. Dollar adjustments among projects would be possible to ensure that no particular project is adversely affected.

NEW MEXICO TECH TO RECEIVE DOI/OSM FUNDING

New Mexico Institute of Mining and Technology has been picked by the Department of Interior as one of 20 schools to be designated as Mining and Mineral Resources Research Institutes to be funded by the Office of Surface Mining. The schools will share \$5.4 million in federal aid this year under the Surface Mining Control and Reclamation Act of 1977.

The Act provides for annual allotments to one institute in each designated State through FY-1984 and for research grants to each institute. The institutes are to establish training programs in mining and minerals extraction, and to provide scholarships and fellowships. Each institute will receive a basic grant of \$110,000 and \$160,000 for scholarships and fellowships.

CONTINUED FUNDING FOR EES PILOT PROGRAMS

The Conference Committee on Appropriations for the Department of Interior and related agencies for fiscal year ending September 30, 1979, released their recommendations in a conference report late last week.

Included in the conference report are recommendations for the Energy Extension Service Pilot Programs. The following is the exact wording pertaining to the EES Programs.

"The Managers agree that funding for the 10 states currently in the pilot program for the Energy Extension Service should not be changed from FY 1978 amounts, and that no increase or decrease in those amounts or the addition of more states to the program can take place without prior approval of the Appropriations Committees. The managers expect to receive such requests only after the Appropriations Committee receive an evaluation of the pilot program currently under way."

The recommendations indicate the Conferees felt that further evaluations are needed before permitting the program to go nationwide.

CONFIDENTIALough extensive lobbying efforts persist in tryingPOL-EPA01-0009101ion-wide program, staff sources indicate that very little can be done at this point to change the bill

COMMERCE SECRETARY ANNOUNCES GRANTS TO CREATE 450 JOBS IN COLFAX COUNTY

This week, Secretary of Commerce Juanita M. Kreps announced approval of grants totaling \$2,500,000 to help stimulate long-range economic growth and to create more than 450 jobs in Colfax County, New Mexico.

Secretary Kreps said Colfax County will use the funds from the Four Corners Regional Commission and the Commerce Department's Economic Development Administration to improve an access road serving a mining and recreation area.

The project involves grade improvements, installation of drainage facilities and asphalt paving of a 34.4 mile section of a county road extending westward from Interstate Highway 25 at the City of Raton. The improvements are needed for the planned expansion of mining activities at the York Canyon Coal Mine.

The project is expected to stimulate the growth of private investments at other sites benefitting from the improvements. The Federal grants were approved in support of the goals for long-range economic growth established by Colfax County and the multi-county North Central New Mexico Economic Development District.

HOUSE APPROVES URANIUM MILL TAILINGS BILL

On Tuesday, October 4, the House approved H.R. 13650 under suspension of the rules. The bill, which would provide 90% federal funding for cleanup of abandoned mill tailings piles, expand NRC regulatory authority to include tailings from existing uranium mills and require a study of two excluded New Mexico tailings piles, was sent to the Senate for further action. According to staff of the Senate Environment and Public Works committee, the Senate can be expected to pass an amended version of the House bill. Senate committees have already reported two bills which deal with the substance covered by H.R. 13650. The Senate bills would include 24 rather than 22 sites (4 instead of 2 piles in New Mexico) in the cleanup program, provide for 100% federal funding, and impose fewer procedural requirements on state uranium mill regulatory programs. According to committee staff, the Senate will attempt to pass a compromise version of H.R. 13650 which will be acceptable to the House, thus avoiding a conference on the bill. Senate action can be expected early next week. (See: WR123)

STATUS OF ENERGY IMPACT ASSISTANCE LEGISLATION

On Friday, October 6, the full Senate Governmental Affairs Committee is expected to report out its version of S. 1493, a bill to aid boomtowns suffering from rapid energy development. (SEE: WR No. 107).

The bill as reported by the Senate Environment and Public Works Committee was primarily a grant program. The latest version of the bill limits grants to 40% of the total aid with the remainder earmarked for loans. The bill authorizes \$750 million over six years for communities hit by sudden increases in their workforce. Only problems caused by energy projects that "export" fuel or electricity to other regions would be accommodated.

According to staff sources on the Senate Environment and Public Works Committee, the Governmental Affairs version contains too many loans and not enough grants. Staff is uncertain whether enough time remains in this session to work out the differences.

Since the House has not acted on any similar legislation, the bill's future will depend on last minute legislative maneuvering.

NATURAL RESOURCES

SENATE COMMITTEE COMPLETES ACTION ON "D-2" LANDS BILL

On Wednesday, October 4, the Senate Energy and Natural Resources Committee approved an amended version of H.R. 39, the "Alaska National Interest Lands Act", by a vote of 18-1. The report was returned to the committee Wednesday afternoon as a result of a technical objection raised by Senator Mike Gravel, (D-Alaska). The committee approved the bill again on Thursday, October 5, by the same vote. The action came after some 44 committee work sessions on the controversial bill.

Senator Henry Jackson, Chairman of the Energy Committee, has indicated that he will not bring the bill up for a vote in Senate until agreement is reached to consider it under suspension of the rules (No floor amendments are allowed under suspension.). Such an agreement could be difficult to achieve. If the bill is passed by the Senate, it will face serious difficulties in the House-Senate conference. Morris Udall, sponsor of the bill in the House, has indicated great dissatisfaction with the Senate bill on the grounds that it does not provide sufficient protection of Alaska wilderness from development activities. Udall said last week that he would prefer no bill at all to the Senate version. Thus, while chances for passage of the bill are not non-existent, they do remain slim.

ADMINISTRATION

SENATE APPROVES CIVIL SERVICE REFORM COMPROMISE

On Wednesday, October 4, the House-Senate conference committee completed its report on the Civil Service Reform Act. Minutes after completion of the report, the Senate approved the compromise by a unanimous voice vote. The House is expected to approve the report late next week, clearing the bill for signature by the President. The conference adopted the Senate's evidentiary requirements in "adverse action" proceedings by federal agencies against employees rather than the more stringent House criteria. (The Senate criteria require a "preponderance of evidence" to support agency action only in cases where misconduct is charged. For all other cases such as demotions or terminations, the agency is required to present only "substantial evidence." In resolving other differences between the House and Senate bills, the Conference adopted a House-Senate compromise on the new "Senior Executive Service" which will provide for a five-year, government-wide trial period for the program, rather than the two-year, three-department trial contained in the House bill, and adopted the more liberal House

CONFIDENTIALvisions on labor-management relations in federalPOL-EPA01-0009103

HOUSE COMMITTEE REPORTS BACK CRIMINAL CODE REVISION BILL

The House Judiciary Committee this week, resolved that there will be no further action taken this session on the revision of the U.S. Criminal Code. The full Committee voted to recommit H.R. 13959 back to the Subcommittee on Criminal Justice with the instructions to file a report on the work they have been able to accomplish this year on the controversial legislation, a major revision and consolidation of 200 years of U.S. Criminal law.

House Judiciary chairman, Peter Rodino (D-NJ) felt there was not sufficient time left in this session to deal with this major revision and consolidation of 200 years of U.S. Criminal law because of its size and number of technicalities. The House had taken the route to change the criminal code section by section.

The Senate bill, S. 1437, by Senator Kennedy (D-Mass) was approved by the Senate January 30, 1978.